

The Federal Communications Commission  
Washington D.C. 20554

MAY 27 1998

In the Matter of:

Federal-State Joint Board on  
Universal Service

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CC Docket No. 96-45

COMMENTS OF THE COUNCIL OF THE GREAT CITY SCHOOLS  
(Electronic and Paper Submissions)  
ON

PROPOSED REVISIONS OF MAXIMUM COLLECTION AMOUNTS  
FOR SCHOOLS AND LIBRARIES AND RURAL HEALTH CARE PROVIDERS

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**ON**  
**PROPOSED REVISIONS OF MAXIMUM COLLECTION AMOUNTS**  
**FOR SCHOOLS AND LIBRARIES AND RURAL HEALTH CARE PROVIDERS**

**SUMMARY**

The Council of the Great City Schools, the coalition of some fifty of the nation's largest central city school districts, is pleased to submit our selected comments filed pursuant to the Commission's May 13, 1998 Public Notice, and again to underscore our endorsement of the Commission's May 8, 1997 Order on Universal Service. The Council's comments reflect our concern with the Commission's consideration of providing only partial funding for the 1998 universal service discount applications previously solicited from schools, libraries and rural health providers. The Council's comments express further concern that the access to telecommunication services for the neediest users, the economically disadvantaged areas and rural areas, could be eroded by implementation limitations on overall funding of the universal service fund, or limitations on funding for particular services. The Council offers recommendations to ensure that the priorities enumerated by the Commission in its original Order are reflected in the upcoming implementation of the Fund. In summary our comments are as follows:

1. THE COMMISSION SHOULD FULLY FUND THE 1998 DISCOUNT APPLICATIONS UP TO THE MAXIMUM ESTABLISHED IN THE MAY 8, 1997 ORDER ON WHICH OVER 30,000 SCHOOL AND LIBRARY APPLICANTS HAVE RELIED AND ACTED UPON IN THE PAST YEAR.
2. ALL ELIGIBLE SERVICES, ESPECIALLY INTERNAL CONNECTIONS, SHOULD BE SUPPORTED BY THE FUND WITHOUT FURTHER LIMITATIONS.
3. IF ALL SCHOOL AND LIBRARY UNIVERSAL SERVICE FUND DISCOUNT APPLICATIONS CANNOT BE SUPPORTED, THE 90% AND THE 80% DISCOUNT APPLICANTS SHOULD RECEIVE THE PRIORITY OF FULL FUNDING, WITH ALL OTHER APPLICANTS BEING PROPORTIONATELY REDUCED IN RELATION TO THEIR LEVEL OF DISCOUNT ELIGIBILITY.

## **COMMENTS OF THE COUNCIL OF THE GREAT CITY SCHOOLS**

### **1. THE COMMISSION SHOULD FULLY FUND THE DISCOUNT APPLICATIONS UP TO THE MAXIMUM ESTABLISHED IN THE MAY 8, 1997 ORDER ON WHICH OVER 30,000 SCHOOL AND LIBRARY APPLICANTS HAVE RELIED AND ACTED UPON IN THE PAST YEAR.**

The Commission in its May 8, 1997 Order on Universal Service established an annual cap of \$2.25 billion to underwrite discounts on access to and provision of telecommunications services for schools and libraries. This Order was met with some 30,000 applications from schools and libraries across the country after devoting millions of man-hours to the planning and development of the 470 and 471 application forms and supporting data. In many instances these applicants had to establish new and detailed telecommunications plans, set out new procedures, re-bid or reformulate procurement solicitations, delay procurements pending FCC or SLC clarifications, revise local budgets, and institute a variety of other actions, in order to address the significant universal service opportunity provided by the Commission and the requirements which accompanied this telecommunications access opportunity.

The strength of the Universal Service Fund is the commitment to "universal access" for all schools and libraries, and its prioritization of funding for the neediest applicants, the economically depressed areas and the rural areas. The Council recommends that the Commission meet the promise of universal service by funding all \$2.02 billion in 1998 applicants, even if a subscriber rate adjustment is necessitated.

### **2. ALL ELIGIBLE SERVICES, ESPECIALLY INTERNAL CONNECTIONS, SHOULD BE SUPPORTED BY THE FUND WITHOUT FURTHER LIMITATIONS.**

In order to achieve the goal of universal service, schools and libraries must have both the access and the services that meet the developing telecommunications capacity of each such entity. Universal Service support is essential to the goal of overcoming the digital divide particularly for low-income communities. The most recent NCES report on public school access makes it clear that serious gaps continue to persist in establishing public school Internet links. Schools with 90 percent or more minority students and schools with 70 percent or more low-income students are lagging considerably behind the rest of the schools in the country.

The figures on access become even more alarming when we look at the number of connections to classrooms and instructional settings within schools. Only 14 percent of poor classrooms have access to the powerful learning resources available on the Internet. A report on "Bridging the Racial Divide on the Internet" in *Science Magazine* (April 17, 1998), and a similar analysis in the *New York Times* (April 17, 1998), clearly suggest the possibility that we could become a society of "information haves" and "have-nots" unless this trend is reversed.

In reviewing the SLC's latest analysis of funding requests, it is clear that "internal connections" constitute the largest share. However, if there are no internal connections (wires in classrooms), then there would be no chance to take advantage of the other benefits the Universal Service program has to offer. Conditions will essentially remain the same in schools and libraries if they are forced to come up with 100% of the funds to install the necessary wiring in their buildings. This hurdle

would not be overcome due to the fact that discounts they would receive on other eligible services (e.g., basic telephone service and Internet access) would not be substantial enough to cover the costs of installing these internal connections. What complicates this even further for schools, especially those with limited funds, is that they will not be able to justify the purchase of additional services *without* internal connections first being put in place.

It is important to underscore that internal connections essentially constitute a "one-time-charge," whereas the other eligible services incur ongoing charges. There is sure to be an initial imbalance toward internal connections as schools and libraries begin to gear up to use their new telecommunications services, but shortly the funding will shift in the other direction. As time goes on, the percentage of money being spent on internal connections will begin to level off and even decrease as more is applied toward the other types of services covered under the program. As such, the initial part of the program should be viewed as a "jumpstart" for schools and libraries to help them prepare for the future. Internal connections are the foundation for the capacity of schools and libraries to institute basic telecommunications capacity and then expand to advanced telecommunication capacity. Each service is an essential building block for more advanced services, and ultimately for universal service. No further limitations on services can be instituted without negatively affecting the overall goal of the Universal Service Fund.

3. IF ALL SCHOOL AND LIBRARY UNIVERSAL SERVICE FUND DISCOUNT APPLICATIONS CANNOT BE SUPPORTED, THE 90% AND THE 80% DISCOUNT APPLICANTS SHOULD RECEIVE THE PRIORITY OF FULL FUNDING, WITH ALL OTHER APPLICANTS BEING PROPORTIONATELY REDUCED IN RELATION TO THEIR LEVEL OF DISCOUNT ELIGIBILITY.

If the Commission cannot feasibly fully fund all 1998 applications as previously recommended, the Council suggests that a priority of full funding be provided for all applicants with above 80% and above 90% discount rate eligibility. Such full funding priority will help overcome the "digital divide" between the "have" and "have not" entities. Based on SLC estimates of 1998 applications, such a full funding priority for 80%-plus discount applicants would expend \$1.07 billion of the Fund. The remaining \$600 million in the Fund (based on the \$1.67 billion collection amount in the May 13, 1998 Public Notice) would be distributed proportionately among the other applicants in relation to their level of discount eligibility. Therefore:

Applicants of 80% or more discount eligibility would receive 100% funding for their applications.  
Applicants with a 70-79% discount eligibility would receive 70% funding for their applications.  
Applicants with a 60-69% discount eligibility would receive 65% funding for their applications.  
Applicants with a 50-59% discount eligibility would receive 60% funding for their applications.  
Applicants with a 25-49% discount eligibility would receive 55% funding for their applications.  
Applicants with up to a 24% discount eligibility would receive 50% funding for their applications.

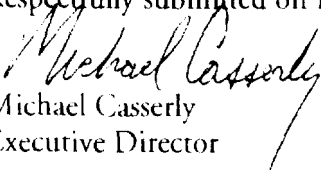
Based upon SLC estimates, such a funding matrix would expend \$1.66 billion for 1998.

All schools and libraries, therefore, would be provided with support for at least 50% of the services contained in their applications with the neediest applicants receiving substantially more support in order to more quickly overcome the digital divide and achieve the universal service goal.

*Comments of the Council of the Great City Schools - May 22, 1998*

The Council appreciates the consideration of our reply comments and would be pleased to answer any question or provide any documentation, which may be useful to the Commission. We can be reached at 202-393-2427.

Respectfully submitted on May 22, 1999,

  
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